

U.S.-Panama Trade Promotion Agreement Market Access Results

Chemicals

Trade and Tariffs

The chemicals sector is defined by the Chemical Harmonization and Pharmaceutical Uruguay Round sector agreements in the World Trade Organization.

Chemicals accounted for 16.3 percent of U.S. industrial exports to Panama in 2006, totaling \$356 million. The top U.S. exports to Panama in this sector were antibiotics, non-vaccine medicaments, perfumes, and adhesive dressings. Panamanian tariffs range between zero and 15 percent with an average of 3.5 percent.

Panamanian exports to the United States in this sector totaled nearly \$7.6 million in 2006, or 3.8 percent of industrial exports to the United States. Perfumes, pharmaceuticals, photographic film rolls, and waste plastics led Panama's chemicals exports. The United States is a signatory of the Uruguay Round Chemical Harmonization and Pharmaceuticals Agreements. All Panamanian exports in this sector enter the United States duty-free under the Caribbean Basin Economic Recovery Act (CBERA) and Caribbean Basin Trade Promotion Act (CBTPA) tariff preference programs.

Tariff Elimination

Tariffs will be phased-out according to four tariff elimination categories: immediate elimination; linear cuts over five years; linear cuts over ten years; and nonlinear cuts over ten years. Tariff elimination under the nonlinear ten-year staging category will proceed with a 3 percent cut in the tariff in years one and two, a 5 percent cut in years three through six, an 18 percent cut in years seven and eight, and a 19 percent cut each in years nine and ten.

For overall chemical products, 80 percent of U.S. exports will receive duty-free treatment immediately upon implementation of the Agreement. Tariffs on another 11 percent of exports will be eliminated over five years, and duties on the remaining 9 percent of U.S. exports will be eliminated over ten years.

The United States agreed to consolidate all CBERA and CBTPA tariff preferences into the final tariff elimination schedule, therefore all chemical exports from Panama will continue to receive duty-free treatment.

Pharmaceuticals. Panama will eliminate tariffs on 100 percent of U.S. pharmaceutical exports immediately upon implementation of the Agreement.

Cosmetics. Panama will eliminate tariffs on 77 percent of U.S. cosmetics exports immediately upon implementation of the Agreement, and 11 percent within five years. Duties on the remaining 11 percent of exports will be eliminated over ten years.

Fertilizer & Agro-Chemicals. Panama will eliminate tariffs on 100 percent of fertilizer and agro-chemical exports immediately upon implementation of the Agreement.

Plastics. Panama will eliminate tariffs on 83 percent of resin and manufactured plastic exports immediately upon implementation of the Agreement. Tariffs on another 5 percent of exports will be eliminated over five years, and tariffs on 12 percent will be eliminated over ten years.

Rubber. Panama will eliminate tariffs on 40 percent of rubber and rubber product exports immediately upon implementation of the Agreement. Tariffs on 41 percent of exports will be eliminated over five years and tariffs on the remaining 18 percent will be eliminated over ten years.